

FILED

NOV 26 2014

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIAUNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA

In re) Case No. 12-92570-E-12
COELHO DAIRY,) Docket Control No. TOG-23
Debtor.)

SUPPLEMENT TO FINDINGS OF FACT
AND CONCLUSIONS OF LAW

The Evidentiary Hearing on the Objection to the Claim of Black Rock Milling, LLC (Proof of Claim No. 24), was conducted on November 4, 2014. The Objection was filed by Coelho Dairy, a partnership, the Plan Administrator and Debtor under the Confirmed Chapter 12 Plan in this bankruptcy case. On November 20, 2014, the court stated its findings of fact and conclusions of law on the record at the continued hearing on this Motion pursuant to Federal Rule of Civil Procedure 52 and Federal Rules of Bankruptcy Procedure 7052 and 9014.

The court issues this Supplement to Findings of Fact and Conclusions of Law as stated on the record. The Supplement is made to place in the record written copies of the information and spreadsheets used by the court in organizing the financial information presented by the parties.

Addendum A hereto is the court's computation of post-petition

1 interest and determination of the allowed claim. The total finance
2 charges asserted by Black Rock Milling, LLC, for Proof of Claim
3 No. 24, which included post-petition finance charges, was
4 \$306,792.81. Using the evidence presented by the testimony and
5 Exhibits (including Exhibits B, C, and 5), the court computes the
6 post-petition portion of the finance charges to be \$60,783.23.

7 Addendum B is a Microsoft Excel spread sheet created to test
8 the testimony of Albert Nunes, the expert witness presented by
9 Coelho Dairy, a partnership, that Black Rock Millings, LLC's
10 computation of the finance charges provided for the compounding of
11 interest, and Black Rock Milling, LLC's testimony that the finance
12 charges were computed at a non-compounded, simple interest rate of
13 1.5% per month, with payments provided to the principal and
14 interest of the oldest outstanding invoice when paid (First-In,
15 First-Out accounting method for applying payments to the debts
16 arising from a series of invoices on one credit account). As
17 stated on the record, the court's review of the computation of the
18 finance charges by Black Rock Milling, LLC, demonstrates that there
19 is no compounding of the finance charges.

20 Dated: November 25, 2014

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23 RONALD H. SARGIS, Judge
24 United States Bankruptcy Court
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ADDENDUM A

ADDENDUM A - POST-PETITION INTEREST

AND

COMPUTATION OF ALLOWED CLAIM

Computation of Post Petition Interest
Information From Exhibits B, C, and 5

Post-Petition Contract Interest Included By
Creditor

Oct 2012	\$3,651.69
Nov	\$3,533.93
Dec	\$3,651.69
Jan 2013	\$3,651.69
Feb	\$3,298.34
Mar	\$3,651.69
Apr	\$3,533.93
May	\$3,651.69
June	\$3,533.93
July	\$3,651.69
Aug	\$3,651.69
Sept	\$3,533.93
Oct	\$3,651.69
Nov	\$3,533.93
Dec	\$3,651.69
Jan 2014	\$3,651.69
Feb	\$3,298.34
Mar	none listed
Apr	none listed
May	<u>none listed</u>
	\$60,783.23

Post-Petition Interest Included by
Blackrock Milling Co., LLC

Computation of Allowed Claim
Post-Petition Interest Disallowed

Total Interest Computed by Blackrock	\$306,792.81
Disallowed Post-Petition Interest	(\$60,783.23)

Allowed Pre-Petition Interest	\$246,009.58
Stipulated Principal Balance	\$114,281.22

Total Allowed Claim	\$360,290.80

Exhibit C, Pg. 13

Exhibit 6, Pg. 20

ADDENDUM B

ADDENDUM B TO SUPPLEMENTAL FINDINGS COMPUTATION CHECK FOR COMPOUNDING OF INTEREST

COMPOUNDING OF INTEREST CHECK - Information From Exhibit B Invoices and Exhibit C Transactions Report

This Addendum was used by the court in sampling check of the contention that there was compounding of interest. The stable and declining per day interest is indicative of interest not being compounded

Per Day Interest Calculation	Payments During Month	Finance Charge For Specified Period	Balance Due For Statement at Month End	Addition of	
				Finance Charge and Subtraction of Payments Check	Estimated Principal Balance for Interest Billed by Black Rock Milling, LLC
10/31/10			\$319,423.16		
11/30/10	\$128.91	\$0.00	\$323,290.51	\$323,290.51	\$261,404.21
12/21/10 21 days Finance Charge before payment	\$128.91				
12/21/10 Payment		(\$5,000.00)			
12/31/10 10 days Finance Charge after payment	\$128.91				
12/31/10	\$128.91	\$1,289.12	\$322,286.77	\$322,286.77	\$261,404.10
1/19/11 19 days Finance Charge		\$2,449.29			
1/19/11 Payment		(\$3,000.00)			
1/19/2011 No Additional Finance Charge for Remaining 12 Days of January					
	\$128.91	\$2,449.29	\$321,736.06	\$321,736.06	\$261,400.83

Formula for Estimating Principal
Balance for Finance Charge:

$$\text{Principal Balance} = \frac{\text{Finance Charge for Period}}{\text{Number of Days in Period}} \times \frac{365 \text{ (days in one year)}}{18\% \text{ Annualized Interest Rate}}$$

FN. 1.

**ADDENDUM B TO SUPPLEMENTAL FINDINGS
COMPUTATION CHECK FOR COMPOUNDING OF INTEREST**

2/25/2011 With 12 January Days + 25 February Days Finance Charge	\$123.49				\$4,568.98	\$326,305.04	\$326,305.04	\$250,402.06
3/1/11 Payment		(\$3,000.00)						
3/31/11 3 February Days and 31 March Days Finance Charge					\$4,198.58			
3/31/11 With 3 February Days and 31 March Days Finance Charge	\$123.49				\$4,198.58	\$327,503.62	\$327,503.62	\$250,405.51
4/1/11 1 Day Finance Charge	\$123.50				\$123.50			
4/1/11 Payment		(\$3,000.00)						
4/30/11 29 Days Finance Charge	\$122.66				\$3,557.02			
4/30/11	\$122.68				\$3,680.52	\$328,184.14	\$328,184.14	\$248,775.89
5/02/11 2 Days Finance Charge	\$122.64				\$245.27			
5/02/11 Payment		(\$2,800.00)						
5/31/2011 29 Days Finance Charge	\$122.66				\$3,557.02			
5/31/11	\$122.65				\$3,802.29	\$329,186.43	\$329,186.43	\$248,716.10
6/01/11 1 Day Finance Charge	\$122.67				\$122.67			
6/01/11 Payment		(\$3,000.00)						
7/1/2011 30 Day Finance Charge					\$3,655.97			
7/1/11	\$121.89				\$3,778.64	\$329,965.07	\$329,965.07	\$247,169.10

ADDENDUM B TO SUPPLEMENTAL FINDINGS
COMPUTATION CHECK FOR COMPOUNDING OF INTEREST

7/1/11 Payment		(\$3,000.00)				
8/1/11 Payment		(\$3,000.00)				
8/1/2011 31 Days Finance Charge			\$3,777.80			
8/1/11	\$121.86		\$3,777.80	\$327,742.87	\$327,742.87	\$247,114.16
8/31/11 30 Days Finance Charge			\$3,655.97			
8/31/11 Payment		(\$3,000.00)				
8/31/11	\$121.87		\$3,655.97	\$328,398.84	\$328,398.84	\$247,116.49
9/30/11 30 Days Finance Charge			\$3,615.53			
9/30/11	\$120.52		\$3,615.53	\$332,014.37	\$332,014.37	\$244,383.05
10/3/11 3 Days Finance Charge			\$361.54			
10/3/11 Payment		(\$3,000.00)				
11/03/11 31 Days Finance Charge			\$3,720.00			
11/03/11 Payment		(\$3,000.00)				
11/3/11	\$120.05		\$4,081.54	\$330,095.91	\$330,095.91	\$243,425.18
11/30/11 27 Days Finance Charge			\$3,216.49			
11/30/11	\$119.13		\$3,216.49	\$333,312.40	\$333,312.40	\$241,567.66
12/05/11 5 Days Finance Charge			\$595.67			
12/05/11 Payment		(\$3,000.00)				
12/31/11 26 Days Finance Charge			\$3,097.33			
12/31/11	\$119.13		\$3,693.00	\$334,005.40	\$334,005.40	\$241,567.20

FN.1. The formula is the following mathematical equation restructured to compute the amount of principal using the other known data points. Using the December 2011 finance charge information, the original formula is stated as follows:

$$\text{Principal} \times 31 \text{ Days} \times \text{Daily Interest Rate} [18\%/365 \text{ Days in One Year}] = \$128.91$$

Instructions to Clerk of Court
Service List - Not Part of Order/Judgment

The Clerk of Court is instructed to send the Order/Judgment or other court generated document transmitted herewith to the parties below. The Clerk of Court will send the Order via the BNC or, if checked _____, via the U.S. mail.

Debtor(s), Attorney for the Debtor(s), Bankruptcy Trustee (if appointed in the case),
and XX Other Persons Specified Below:

Office of the U.S. Trustee
Robert T. Matsui United States Courthouse
501 I Street, Room 7-500
Sacramento, CA 95814

Michael J. Dyer
5250 Claremont Ave., Ste. 119
Stockton, CA 95207